

Joint Housing Report

From the Iowa Department of Economic Development and the Iowa Finance Authority

Purpose: This report is in response to the State Government Reorganization Bill passed by the 2010 legislature and signed by the Governor. Specifically Division XXII, Section 268 that states:

1. The Department of Economic Development and the Iowa Finance Authority shall conduct a joint review of programs administered by the agencies that relate to housing, including all such federal programs. The joint review of programs shall include a review of all federal moneys received and spent on housing programs. The agencies shall identify all programs that are duplicative of another program and all programs that have purposes similar to that of another program.
2. The agencies shall produce a report on how best to transfer all responsibilities for housing related programs from the Department of Economic Development (DED) to the Iowa Finance Authority (IFA).
3. By September 1, 2010, the agencies shall submit a joint written report to the Governor, the Department of Management and the General Assembly consisting of the information required under this section, a complete list of programs reviewed pursuant to this section, and any other relevant information.

Summary: The duplicative housing programs within the agencies have been combined with the HOME program which funded rental and homeowner assistance transitioning to IFA on July 1, 2010. All other housing programs within the Department of Economic Development are either part of a business program or a one-time assistance package to specific communities.

In the case of the Federal Disaster Recovery Housing, a majority of the allocation has been obligated with staffing and systems in place. These funds are specifically designated for storm affected cities and counties in Iowa for a specific time period. Once these funds are completely obligated no new funds will be appropriated from the federal government. In the case of the Enterprise Zone program, the administration is co-mingled between business and housing. The separation of those activities could prove problematic for communities that are applying for tax incentives.

Type of assistance: Rental Assistance

Iowa Finance Authority:

For Renters:

- The Home- and Community-Based Service Rent Subsidy Program provides temporary rental assistance for people who receive medically necessary services through Medicaid waivers until the person becomes eligible for another public or private rent subsidy.
- The Aftercare Rent Subsidy Program provides financial assistance for youth who are aging out of the foster care system and are participants in the Aftercare Services Program. The program's goal is to teach Iowa youth independence, life skills, and renter rights and responsibilities.

For Developers / Managers:

- Affordable Rental Production: IFA offers several initiatives, including the Housing Tax Credit Program, Multifamily Housing Loan Program and the State Housing Trust Fund, that are fair and flexible, provide for local determination of how to address unique community needs and maintain public accountability. These programs can help develop and support myriad projects including Affordable Assisted Living, housing for people with disabilities and services for the homeless.

- Compliance: IFA provides Housing Program Compliance monitoring for the Housing Tax Credits and the United States Department of Housing and Urban Development's Project-Based Section 8 Program.

Iowa Department of Economic Development:

For non-profit and for-profit organizations, community housing development organizations, partnerships, communities, and individuals:

- Rental housing improvement – new construction, rehabilitation, and tenant-based rental assistance.

Strategy for moving program to IFA: These programs are funded by HOME dollars from the Department of Housing and Urban Development (HUD). The HOME fund was transferred to IFA on July 1, 2010. HUD directly granted the 2010 HOME allocation to IFA. DED received HOME applications in November and assisted IFA in making funding decisions. The 2010 HOME awards were announced in May of 2010 with IFA and DED holding a joint workshop for recipients. Contracts for the HOME projects were completed by IFA after the program transferred there on July 1. DED also transferred all its historical and active files to IFA at that time.

- Owner-Occupied Rehabilitation – rehabilitation of existing housing stock.

Status: Annually the Department receives a Community Development Block Grant (CDBG) allocation from the federal Department of Housing and Urban Development (HUD). A percentage of this fund is allocated to the owner-occupied rehabilitation program. The majority of CDBG dollars are dedicated to non-housing programs. The Department explored re-allocating the CDBG grant to provide funding for only non-housing activities. The response from communities and other assistance organizations was overwhelmingly negative. The Department has trained staff and systems in place to successfully manage the owner-occupied rehabilitation program. As this program is a function within CDBG, it will remain at IDED as to not fragment the program.

Type of Assistance: Homeownership

Iowa Finance Authority

For Home Owners: Individuals work through participating lenders:

- FirstHome - offers home buyers state-sponsored, affordable, fixed rate mortgages and the convenience of working with a local lender.
- FirstHome Plus: grant provides cash assistance of up to \$2,500 to help eligible borrowers with closing costs, down payment or minor repairs. The grant must be used in conjunction with the FirstHome program. Qualified borrowers may have an annual household income of up to \$49,600.
- Homes for Iowans: The Homes for Iowans program may assist both repeat and first-time Iowa home buyers, who are not eligible for IFA's FirstHome program. The program provides the benefit of a safe, affordable, fixed interest rate mortgage, paired with the convenience of working with a local lender.
- Military Homeownership Program: The Iowa Legislature created the Military Homeownership Program in 2005 to help eligible armed forces service members purchase a primary residence in Iowa. The program provides \$5,000 that may be used toward down payment on a qualifying home purchase and/or closing costs on a qualifying first purchase money mortgage.

Iowa Department of Economic Development:

For non-profit and for-profit organizations, community housing development organizations, partnerships and individuals:

- Home ownership assistance: acquisition assistance (mortgage buy-down assistance), rehabilitation in support of homeownership, general homebuyer assistance, acquisition and rehabilitation with the intent to resell, and development subsidies for new construction.

Strategy for moving program to IFA: These programs are funded by HOME dollars from the Department of Housing and Urban Development (HUD). The HOME fund was transferred to IFA on July 1, 2010. HUD directly granted the 2010 HOME allocation to IFA. DED received HOME applications in November and assisted IFA in making funding decisions. The 2010 HOME awards were announced in May of 2010 with IFA and DED holding a joint workshop for recipients. Contracts for the HOME projects were completed by IFA after the program transferred there on July 1. DED transferred all its historical and active files to IFA at that time.

For Developers and contractors:

- Enterprise Zones: Designed to stimulate development by targeting economically distressed areas in Iowa. Through state and local tax incentives, businesses and developers are encouraged to make new investments, and create or retain jobs in these areas.

Status: an Enterprise Zone is not specific to housing, but rather to an economically distressed area in Iowa. Within those areas businesses and developers can receive tax incentives for locating or expanding business and/or building or rehabilitating housing. Since the Department has extensive experience in understanding, administering, and assisting entities with Enterprise Zone applications throughout the state, it would be cumbersome to split the business and housing enterprise zone program.

Type of Assistance: One-time assistance to communities to support housing

Iowa Department of Economic Development

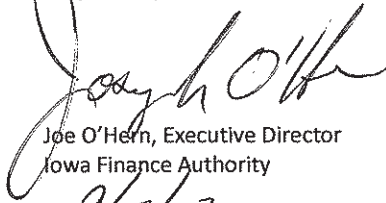
- Neighborhood Stabilization Program: provides assistance to acquire, redevelop, or rehabilitate foreclosed properties that might otherwise become sources of abandonment and blight within their communities.

Status: The Department has allocated all funds to 24 communities throughout the state. By September 2010, all monies must be obligated by funded communities to specific projects. From September until the program ends on July 30th, 2013 the Department will be monitoring compliance and closing contracts. HUD has recently announced a third round of funding for NSP and the allocation is going to be formula funding based on the percentage of funding received in the first round of NSP.

- Federal Disaster Recovery Housing programs: provided funding to communities and counties affected by the floods of 2008 and the tornado in Parkersburg for Housing Repair/Homebuyer Assistance/Interim Mortgage Assistance, Housing Buyouts, and New Housing Production.

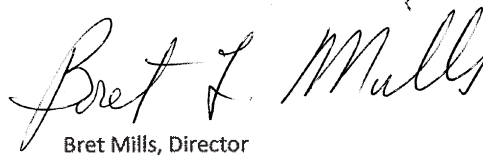
Status: The majority of the flood recovery money has been obligated and the Department is overseeing the expenditure of funds for each individual project.

Respectfully Submitted:



Joe O'Hern, Executive Director
Iowa Finance Authority

9/7/10
Date



Bret Mills, Director
Iowa Department of Economic Development

9/7/2010
Date